

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company
for Authority to Establish Its Authorized Rates of
Return on Common Equity for Electric Utility
Operations and Gas Distribution for Test
Year 2003. (U 39 M)

Application 02-05-022
(Filed May 8, 2002)

Application of Southern California Edison
Company for Consideration of Rate of Return on
Common Equity, Capital Structure, Cost Factors
for Embedded Debt and Preferred Stock, and
Overall Rate of Return for Utility Operations.
(Electric) (U 338-E)

Application 02-05-025
(Filed May 8, 2002)

In the Matter of the Application of Sierra Pacific
Power Company for authority to establish its
authorized rate of return on common equity for
Electric Operations for Calendar Year 2003.
(U 903 E)

Application 02-05-026
(Filed May 8, 2002)

Application of San Diego Gas & Electric
Company (U 902-M) for Authority (i) to Increase
its Authorized Return on Common Equity, (ii) to
Adjust its Authorized Embedded Costs of Debt
and Preferred Stock, (iii) to Increase its Overall
Rate of Return, and (iv) to Revise its Electric
Distribution and Gas Rates Accordingly, and for
Related Substantive and Procedural Relief.

Application 02-05-031
(Filed May 8, 2002)

**ASSIGNED COMMISSIONERS' RULING
SETTING A PREHEARING CONFERENCE
AND ESTABLISHING PROCEDURES**

Introduction

By Resolution ALJ 176-3088, dated May 16, 2002, the Commission primarily designated the captioned applications of Pacific Gas & Electric Company (PG&E), Southern California Edison Company (SCE), and Sierra Pacific Power Company (Sierra Pacific) as “Ratesetting” with a hearing indicated. Similarly, by Resolution ALJ 176-3089, dated June 6, 2002, the Commission primarily designated the above captioned application of San Diego Gas & Electric Company as Ratesetting with a hearing indicated.

Commissioners Geoffrey F. Brown and Michael R. Peevey are co-assigned Commissioners to those cost of capital proceedings and Administrative Law Judge (ALJ) Michael J. Galvin is the assigned ALJ.

Prehearing Conference

Pursuant to Rule 6.2 of the Commission’s Rules of Practice and Procedure (Rules) a Prehearing Conference (PHC) should be held as soon as practicable to clarify the issues, deal with procedural matters and, if necessary, set dates for customer notification, public participation hearings, and evidentiary hearings.

All interested persons seeking to become parties in this proceeding should attend the PHC and file an appearance. Those who demonstrate a plan to actively participate in the proceeding shall be granted party status. Any others filing appearances shall be granted Information Only or other appropriate status.

Parties attending the PHC should be prepared to discuss the consolidation of these proceedings. In that regard, we have attached a proposed schedule for review. Comments on scheduling shall be received at the PHC.

Following the PHC, we will issue a scoping memo ruling making a final determination on the category, need for hearing, schedule, and will designate the principal hearing officer, pursuant to Rule 6(a)(3).

Oral Argument and Commissioners Presence

Rule 8(c) provides that parties in ratesetting proceedings may request the presence of the assigned Commissioners at a formal hearing or specific portion thereof. Rule 8(d) provides that parties in ratesetting proceedings have the right to make a final oral argument before the Commission, if the party so requests within the time and in the manner specified in the scoping memo or later ruling in the proceeding.

Parties should be prepared to discuss at the PHC the specific procedures that will be followed for requesting the assigned Commissioners presence (in addition to those set forth in Rule 8(c)) and for requesting final oral argument.

Ex Parte Communications

Parties should note and observe the rules (Rules 7 and 7.1) that govern, respectively, ex parte communications and the reporting of such communications. In particular, pursuant to Rule 7(a)(1), the requirements of Rule 7(c) are applicable pending a final determination of the category of this proceeding.¹ Rules 7(f) and 7(g) are also applicable. Rules 7(c), 7(f), and 7(g) are reproduced below:

- “(c) In any ratesetting proceeding, ex parte communications are permitted only if consistent with the following restrictions, and are subject to the reporting requirements set forth in Rule 7.1:

¹ After the assigned Commissioner’s appealable determination of category, the applicable requirements shall depend on such determination unless and until modified by the Commission pursuant to Rule 6.4 or 6.5(a). Thus, these rules will continue to apply throughout the course of this proceeding unless it is later determined to be other than a ratesetting proceeding.

- “(1) Oral ex parte communications are permitted at any time with a Commissioner provided that the Commissioner involved
 - (i) invites all parties to attend the meeting or sets up a conference call in which all parties may participate, and
 - (ii) gives notice of this meeting or call as soon as possible, but no less than three days before the meeting or call.
- “(2) If an ex parte communication meeting or call is granted by a decisionmaker to any party individually, all other parties shall be sent a notice at the time that the request is granted (which shall be no less than three days before the meeting or call), and shall be offered individual meetings of a substantially equal period of time with that decisionmaker. The party requesting the initial individual meeting shall notify the other parties that its request has been granted, at least three days prior to the date when the meeting is to occur. At the meeting, that party shall produce a certificate of service of this notification on all other parties. If the communication is by telephone, that party shall provide the decisionmaker with the certificate of service before the start of the call. The certificate may be provided by facsimile transmission.
- “(3) Written ex parte communications are permitted at any time provided that the party making the communication serves copies of the communication on all other parties on the same day the communication is sent to a decisionmaker.
- “(4) In any ratesetting proceeding, the Commissioner may establish a period during which no oral or written communications on a substantive issue in the proceeding shall be permitted between an interested person and a Commissioner, a Commissioner’s personal advisor, the Chief Administrative Law Judge, any Assistant Administrative Law Judge, or the assigned Administrative Law Judge. Such period shall begin not more than 14 days before the Commission meeting date on which the decision in the proceeding is scheduled for Commission action. If the decision is held, the Commission may permit such communications for the first half of the hold period, and may

prohibit such communications for the second half of the period, provided that the period of prohibition shall begin not more than 14 days before the Commission meeting date to which the decision is held.

In all ratesetting proceedings where hearings have been held and a proposed decision has been filed and served, there shall be a prohibition on communications as provided in this subsection.

The first day of the prohibition on communications will be the day of the Ratesetting Deliberative meeting at which the proposed decision is scheduled to be discussed and will continue through the conclusion of the Business meeting at which a vote of the proposed decision is scheduled. If a proposed decision is held at the Business Meeting, when the hold is announced the Commission will also announce whether and when there will be a further prohibition on communications, consistent with the requirements of this subsection.”

* * *

“(f) Ex parte communications concerning categorization of a given proceeding are permitted, but must be reported pursuant to Rule 7.1(a).

“(g) When the Commission determines that there has been a violation of this rule or Rule 7.1, the Commission may impose penalties and sanctions, or make any other order, as it deems appropriate to ensure the integrity of the record and to protect the public interest.”

IT IS RULED that:

1. A Prehearing Conference (PHC) shall be held on June 21, 2002, at 10:00 a.m., in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.
2. A proposed schedule is attached to this ruling as Appendix A. All interested parties may comment on this proposed schedule at the PHC.
3. All those seeking to become parties in this proceeding shall attend the PHC and file an appearance as set forth in the body of this ruling. Those who demonstrate a plan to actively participate in the proceeding shall be granted party status. Any others filing appearances shall be granted Information Only or other appropriate status.
4. Applicants and all interested parties shall observe the procedures, rules, and filing requirements set forth in the foregoing discussion.

Dated June 10, 2002, at San Francisco, California.

/s/ GEOFFREY F. BROWN
Geoffrey F. Brown
Assigned Commissioner

/s/ MICHAEL R. PEEVEY
Michael R. Peevey
Assigned Commissioner

Appendix A

**COST OF CAPITAL
DISCUSSION SCHEDULE**

Prehearing Conference	June 21, 2002
ORA & Intervenor Testimony	July 29, 2002
Updated Testimony	July 29, 2002
Rebuttal Testimony	August 6, 2002
Evidentiary Hearings	August 12 –16, 2002
Update Debt & Preferred Stock	September 27, 2002
Opening Briefs	August 30, 2002
Reply Briefs & Submittal Date	September 6, 2002
ALJ Proposed Decision	September 16, 2002
Comments on Proposed Decision	October 7, 2002
Final Decision	October 17, 2002

(END OF APPENDIX A)

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Assigned Commissioners' Ruling Setting a Prehearing Conference and Establishing Procedures on all parties of record in this proceeding or their attorneys of record.

Dated June 10, 2002, at San Francisco, California.

/s/ JEANNIE CHANG

Jeannie Chang

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.